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SUBJECT: WITH ORDER SLOWLY RETURNING, NABLUS BUSINESS LOOKS UP

11. (SBU) Summary: Improving security in Nablus is beginning to pay off for local businesses, according to business contacts in the city. They report that residents feel much more comfortable walking the streets following the PA's deployment of security forces this month. This increased sense of security has translated into more shoppers and longer store hours, giving the local economy a much needed boost. Nablus contacts caution, however, that recovering the economic ground lost over the last seven years will not come easy. They say there has been no loosening of restrictions on access and movement that hinder local commerce and largely isolate the city. End Summary.

Order on the Streets = More Shoppers

12. (SBU) Leading Nablus businessmen and other economic contacts tell Econoffs that the deployment of PA Security Force personnel to the city's streets in early November has improved the security environment, providing a boost to local business. According to Dr. Hishan Awarti, Director of the Nablus Center for Private Sector Development, the greater sense of security has brought more shoppers into the streets and put more money into the pockets of local retailers. Zahi Khoury, head of the National Beverage Company, told EconChief that he is hearing "only good news" from his Nablus distributors. He said that there has been a return to "order if not law" on the streets, with the noticeable disappearance of armed gangs, allowing his distributors to move around "more freely and with more confidence."

13. (SBU) Khalid Misleh of the Nablus Chamber of Commerce reports that stores previously closed by 4:00 or 5:00 p.m. are now staying open until 7:00. He said shop owners are benefiting from the removal of unlicensed sidewalk vendors, allowing people to walk more freely on main shopping streets. The police are checking vehicle registrations and confiscating stolen cars that were often used as taxis, boosting the business of legitimate taxi drivers. One prominent Nablus businessman said that "thousands" of stolen cars disappeared from the streets nearly overnight following the arrival of PA forces.

Access and Movement Still a Dominant Concern

14. (SBU) ConGen business contacts, despite their optimistic take on security progress, are quick to reiterate their concerns about restrictions on movement in and out of the city. The Nablus Center's Dr. Awarti cautions that seven years of sharp economic decline cannot be reversed "at the push of a button." The boost to business could be short-lived if the checkpoints and roadblocks that are

"choking" the local economy are not lifted. Local businessman Ziad Anabtawi told ConGenOffs that his shops are truly profitable only when they can draw customers from surrounding villages, which are still effectively cut off from the city.

¶5. (SBU) UN OCHA local staff member Saad Abdel-Hak said Nablus residents are shopping in neighborhoods that until recently were too dangerous to walk through. However, he foresees no improvement in access and movement around Nablus.

He said the UN has been informed that a northern Nablus checkpoint (Asira ash-Shamalia) will soon be closed to commercial truck traffic, forcing shippers to use a checkpoint (Awarta) south of the city.

WALLES